

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 DODE-00 PM-05 H-01 L-03 PA-01
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USIE-00 INRE-00 DOE-11 SOE-02 OES-07 BIB-01 /092 W
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O R 022143Z MAR 78
FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC IMMEDIATE 9384
INFO AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA
USCINCSO QUARRY HTS CZ

C O N F I D E N T I A L SECTION 1 OF 2 GUATEMALA 1283

E.O. 11652: GDS
TAGS: PINT, ELAB, GT
SUBJ: STRIKE CONTINUES AS WORKERS DEMAND PRESIDENT'S PAY CONCESSION
BE EXPANDED

REF: GUATEMALA 1228

1. BEGIN UNCLASSIFIED. SUMMARY: EVENING FEBRUARY 28 PRESIDENT LAUGERUD MADE TAKE-IT-OR -LEAVE -IT PAY OFFER TO STRIKING PUBLIC SECTOR WORKERS VIA RADIO AND TV. PROPOSAL WOULD COST \$58 MILLION AND BENEFIT 142,000 WORKERS. GOVERNMENT ISSUED STATEMENT EVENING MARCH 1 CLARIFYING PROPOSALS GENERALLY RESPONSIVE TO WORKER DEMANDS, INCLUDING PROMISE OF NO REPRISALS. STICKING POINTS ARE PRESIDENT'S REFUSAL TO RECONVENE CONGRESS TO APPROVE PLAN UNTIL WORKERS RETURN TO THEIR JOBS AND STRIKE LEADERS' DEMAND THAT NON-PERMANENT WORK FORCE RECEIVE INCREASES SIMILAR TO THOSE OF TENURED WORKERS.

2. MEANWHILE GOVERNMENT CONTINUES WITH PLANS TO HOLD MARCH 5
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ELECTIONS DESPITE STRIKE. ELECTORAL REGISTRY IS MAKING ARRANGEMENTS TO TRANSMIT BALLOTS TO ELECTORAL DISTRICTS AND TO HAVE GOVERNMENT ELECTRIFICATION AGENCY (INDE) TRANSMIT REPORTS OF VOTING RETURNS THROUGH ITS RADIO SYSTEM. NEVERTHELESS, SITUATION POSES AN INVITATION TO POTENTIAL PROVOCATUERS BENT ON DISRUPTING OR DISCREDITING THE ELECTORAL PROCESS. END SUMMARY

3. IN BRIEF FEBRUARY 28 STATEMENT VIA RADIO AND TV, PRESIDENT LAUGERUD OUTLINED A GOVERNMENT PAY PROPOSAL WHICH WOULD PROVIDE AN INCREASE TO 142,003 PUBLIC SECTOR WORKERS AT AN ANNUAL COST OF \$58,827,360. THE PRESIDENT DESCRIBED THE COST IN TERMS OF UNSPECIFIED PUBLIC PROJECTS WHICH WOULD HAVE TO BE FOREGONE THIS YEAR AND OF A FREEZE ON NEW GOVERNMENT HIRING. HE ALSO SEVERELY LECTURED THE COMMERCIAL SECTOR, WARNING MERCHANTS NOT TO TAKE ADVANTAGE OF WORKERS BY INCREASING PRICES. GOVERNMENT AGENCIES WOULD BE ALERT TO ANY EFFORTS BY AVARICIOUS MERCHANTS TO RAISE PRICES WHICH PRESIDENT SAID WAS UNJUST. HE ENDED HIS TALK BY SAYING HE WOULD SEND THE PAY PROPOSAL TO CONGRESS FOR APPROVAL WHEN WORKERS HAD RETURNED TO THEIR JOBS, WHICH HE INDICATED SHOULD BE THE FOLLOWING MORNING. IF THEY DID NOT, HE SAID, HE WOULD CONSIDER THIS DEFIANCE OF THE GOVERNMENT, WITH THE POLITICAL PURPOSE OF INTERFERING WITH THE MARCH 5 ELECTIONS.

4. THE PAY PROPOSAL WOULD INCREASE WAGES OF THOSE EARNING \$40 TO \$100 PER MONTH BY \$60, WOULD COST THE GOVERNMENT \$26,390,000 ANNUALLY, AND WOULD BENEFIT 36,931 WORKERS. THOSE EARNING MONTHLY BETWEEN \$101 AND \$200 (EY,455 WORKERS) WOULD RECEIVE A \$50 INCREASE, WHICH WOULD COST THE GOVERNMENT \$21,872,400 ANNUALLY. THE 7,618 WORKERS EARNING BETWEEN \$201 AND \$300 MONTHLY WOULD RECEIVE AN INCREASE OF

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\$40 AT AN ANNUAL COST TO THE GOVERNMENT OF \$3,656,640. RETIRED WORKERS (10,000) WOULD RECEIVE \$10 A MONTH INCREASE AT A COST OF \$1.2MILLION. THE 51,000 "PLANILLEROS" OR "DAILY HIRE" WORKERS (THESE HAVE NO TENURE, RETIREMENT BENEFITS, ETC.) WOULD GET \$9 A MONTH AT A COST OF \$5,508,000 A YEAR.

T. EARLY REACTION TO PRESIDENT PROPOSAL WAS RATHER CONFUSED, BUT IN ESSENCE WORKERS EMERGENCY COMMITTEE (CETE) ACCEPTED PROPOSAL AS A STARTING POINT. THEY DEMANDED SOME ASSURANCES AND SOME CHANGES ALONG THE FOLLOWING LINES: (1) THE PAY INCREASE MUST BE IN ADDITION TO PRESENT POST-EARTHQUAKE SUPPLEMENT THEY NOW RECEIVE (SUPPLEMENT WAS AN OFFSET TO INFLATION GROWING OUT OF POST-EARTHQUAKE RECOVERY); (2) /PLANILLEROS" (NON-PERMANENT WORKERS) MUST GET A \$19 PER MONTH INCREASE, ALTHOUGH CETE SUGGESTED IT MIGHT BE TAKEN FROM THE INCREASE PROMISED HIGHER PAID WORKERS; (3) CONGRESS MUST RECONVENE WITHIN 24 HOURS; AND (4) THERE MUST BE NO REPRISALS AGAINST WORKERS WHO JOINED STRIKE. AS THINGS STAND CONGRESS IS NOT SCHEDULED TO RECONVENE UNTIL MARCH 8, BUT REPORTEDLY THE PRESIDENT OF THE CONGRESS IS PREPARED TO BRING CONGRESS BACK INTO SESSION TO CONSIDER THE PROPOSAL

ONCE THE PRESIDENT SUBMITS AMENDED BUDGET TO THE CONGRESS
FOR APPROVAL.

6. MEANWHILE GOVERNMENT PRINTING OFFICE WORKERS HAVE
JOINED THE STRIKE, STATING THAT ALL THE BALLOTS HAVE BEEN
PRINTED, SO THEY SHOULD NOT BE ACCUSED OF INTERFERING WITH
THE ELECTION. (ELECTORAL REGISTRY OFFICIAL SAID YESTERDAY
HE HAD NOT YET RECEIVED BALLOTS FOR MUNICIPAL ELECTIONS.)
INACCURATE AND INCORRECT REPORTS ON STRIKE PARTICIPANTS
ABOUND. BANK WORKERS HAVE NOT GONE OUT ON STRIKE AS
REPORTED REFTEL.

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C O N F I D E N T I A L SECTION 2 OF 2 GUATEMALA 1283

BANK UNION OFFICIAL TOLD EMBASSY UNION OPPOSES
STRIKE. HOWEVER, SAME OFFICIAL EARLIER TOLD
EMBASSY THAT CNUS, THE "CHRISTAIN-COMMUNIST/ LABOR ALLIANCE
TO WHICH BANK WORKERS' FEDERATION BELONGS, WOULD NOT
JOIN STRIKE BECAUSE IT WAS POLITICALLY MOTIVATED (SIC).
APPARENTLY PRESSURE HAVE MOUNTED AND CNUS ANNOUNCED
MARCH 1 THAT A PROTEST MARCH WOULD BE HELD MARCH 2 AT 5 PM
IN SUPPORT OF GOVERNMENT WORKERS, STRKING BAKERS,
METALWORKERS OF ESMALTES Y ACEROS, AND THE WORKERS OF THE
AGUACAPA HYDROELECTRIC PROJECT. (AGUACAPA STRIKE REPORTEDLY
RESOLVED EARLY MARCH 2.) SOME 6,800 SOCIAL SECURITY WORKERS
ARE ON STRIKE, AND INDE WORKERS AND WORKERS FOR THE
GUATEMALAN ELECTRIC COMPANY (GOVT AGENCY WHICH DISTRIBUTES
ELECTRIC POWER IN GUATEMALA AND SURROUNDING AREA) ARE

SCHEDULED TO DECIDE MARCH 2 WHETHER TO JOIN THE STRIKE.
LATEST RUMOR IS THAT CITY WORKERS AND SOME BUS DRIVERS MAY
JOIN STRIKE. THIS IS DOUBTFUL (NEITHER WORKS FOR CENTRAL
GOVERNMENT), BUT A MUNICIPAL WORKERS' STRIKE WOULD THREATEN
WATER SUPPLIES. TOGETHER WITH A STRIKE OF ELECTRIC WORKERS,
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AND TRANSPORT AND COMMUNICATION WORKERS, LIFE FOR
GUATEMALAN COULD BECOME DISTINCTLY UNCOMFORTABLE.
ANTICIPATING SOMESOF THIS, CONSUMERS HAVE BEEN STOCKING
UP, MERCHANTS ARE RAISING PRICES,SOME ITEMS ARE ALREADY
BECOMING SCARCE. MIDDLE CLASS IS PRINCIPALLY AFFECTED BY
VIRTUAL UNAVAILABILITY OF BREAD AND BAKERY PRODUCTS.

7. GOVERNMENT EVEING OF MARCH 1 ISSUE CLARIFICATION OF
PRESIDENT'S STATEMENT ALONG FOLLOWING LINES: (1) INCREASES
ARE IN THE FORM OF AN EMERGENCY PAY SUPPLEMENT SO THAT
WORKERS GET A REAL INCREASE. THE PAY SUPPLEMENT IS WITHOUT
DEDUCTIONS FOR SOCIAL SECURITY, INCOME TAX, ETC. (THE
FOREGOING WAS INTERPRETED FOR THE EMBASSY BY ON UNION
OFFICIAL AS SATISFYING CETE DEMANDS THAT PAY INCREASES BE
DETERMINED ACCORDING TO BASE PAY, THAT IS , EXISTING
EMERGENCY PAY SUPPLEMENT IS NOT COUNTED WEN CALCUTLATING
WAGE LEVELS AND CORRESPONDING PAY INCREASE.) (2) ALL
WORKERS ARE INCLUDED, EVEN THOSE OF AUTONOMOUS AGENCIES.
(3) THE INCREASE FOR "PLANILLEROS" WILL NOT BE CHANGED.
INSTEAD, THE GOVERNMENT HAS IN MIND A PLAN TO IMPROVE THE
LOT OF "PLANILLEROS" BY INCLUDING THEM IN THE SALARY
BUDGET AND THEREFORE IN SUCH WORKER BENEFITS AS RETIREMENT.
PLANILLEROS HAVE RECEIVED FIVE PAY INCREASES FROM PRESIDENT
LAUGERUD AND WITH THE NEW PAY INCRASE THE LOWEST WILL EARN
\$2.79 PER DAY OR \$83.70 MONTHLY. THE GOVERNEMENT STATEMENT
NOTED THAT THERE ARE DIFFERNET CLASSES OF "PLANILLEROS" AND
DIFFERNET WAGE LEVELS. FOR EXAMPLE, A LATHE OPERATOR GETS
\$7.47 A DAY; A STEAMSHOVEL OPERATOR GETS \$7.84 A DAY; AND
A TRACTOR OPERATOR GETS \$5.39 A DAY. (4) THERE WILL BE NO
REPRISALS, BUT WORKERS MUST RETURN TO WORK BY MARCH 2. (5)
THE PAY PROPOSAL WILL NOT BE SENT TO CONGRESS UNTIL EMPLOYEES
ARE WORKING NORMALLY AND THE WORK STOPPAGE ENDS. THE
STATEMENT CONTINUES THAT THE GOVERNMENT HAS MADE A GREAT
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SACRIFICE; NEVERTHELESS, SOME LEADERS OF THE STRIKE DO NOT
SEEM TO BE DEFENDING THE JUSTICE OF THE PAY INCREASE, BUT
RATHER ARE SERVING SECTARIAN POLITICAL INTERESTS. (THIS IS
WHERE THE STRIKE SITUATION STANDS AT THE MOMENT.)

8. PRESIDENT LAUGERUD REMAINS DETERMINED THAT THERE WILL BE ELECTIONS MARCH 5. THE HEAD OF THE ELECTORAL REGISTRY NOW EXPRESSES CONFIDENCE THAT THE ELECTIONS WILL COME OFF DESPITE THE STRIKE. HE HAS THE BALLOTS FOR THE NATIONAL ELECTIONS AND HAS REQUESTED ASSISTANCE FROM THE PRSIDENT AND THE MINISTRY OF DEFENSE IN DELIVERING THEM. ALL THREE PRESIDENTIAL CANDIDATES ARE QUOTED IN PRESS AS FAVORING HOLDING ELECTIONS ON SCHEDULE, ALTHOUGH PERALTA MENDEZ EXPRESSED SOME RESERVATION ABOUT THE "DANGER" OF THE STRIKE AFFECTING THE MECHNICS OF THE ELECTORAL PROCESS. THE AIR FORCE IS EXPECTED TO PROVIDE HELICOPTER SERVICE AS IN THE PST TO DELIVER BALLOTS TO ELECTORAL DISTRICTS AND TO PICK UP ELECTORAL DOCUMENTS AFTER THE ELECTIONS. VARIOUS POSSIBILITIES EXIST FOR RADIO TRANSMISSION OF RESULTS, ALTHOUGH THE LEADING PROSPECT IS INDE. HOWEVER, STRIKE BY TELEPHONE AND TELEGRAPH WORKERS CANNOT HELP BUT LIMIT MEDIA COVERAGE OF LOCAL RESULTS WHICH IN PAST HAS ACTED AS A CHECK ON OFFICIAL TALLIES. END UNCLASSIFIED.

9. BEGIN CONFIDENTIAL. COMMENT: PRESIDENT LAUGERUD HAS HANDLED MATTER WITH AIR OF CALM FIRMNESS, ALTHOUGH HIS CONCESSION IN FACE OF ILLEGAL STRIKE IS DOUBTLESS AN EMBARRASSMENT. HE HAS MANAGED TO MAINTAIN APPEARANCE OF "SWEET REASONABLENESS", IF NO GENEROSITY, IN A STRIKE SITUATION WHICH MAY NOT HAVE WIDESPREAD SYMPATHY. (GENERAL IMPRESSION IS THAT GOVERNMENTWORKER ARE WELL PAID.) PRESIDENT'S OFFICE HAS STATED THAT OFFER IS LEAST WORD AND APPARENTLY PRESIDENT IS HOPING FOR SOME POPULAR PRESSURE TO FORCE WORKERS TO RETURN TO THEIR JOBS. EVEN SO, "CLARIFICATION" STATEENT APPEARS TO MEET EARLIER DEMANDS OF WORKERS EXCEPT FOR IMMEDIATE CONGRESSIONAL APPROVAL
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AND MORE MONEY FOR "PLANILLEROS". THE BALL IS MOSTLY NOW IN WORKERS' COURT. THERE IS NO CONSENSUS AMONG OUR LABOR CONTACTS ABOUT EARLY PROSPECT FOR SETTLEMENT. FOR MOMENT, SITUATION APPEARS TO HAVE STABILIZED, BUT IS NEVERTHELESS WORRISOME.

10. EMBASSY'S IMPRESSION REMAINS THAT STRIKE MOVEMENT IS PRINCIPALLY OF BREAD-AND-BUTTER INSPIRATION, ALTHOUGH WE DO NOT DISCOUNT POSSIBILITY OF WORKERS BEING EGGED ON BY ELEMENTS(COMMUNISTS, FUR, FAR RIGHTWINGERS) IN WHOSE INTEREST IT IS TO CLOUD THE ELECTORAL ATMOSPHERE AND, AT MINIMUM, DISCREDIT THE ELECTION OUTCOME IN ADVANCE. RUMORS ARE ALSO CIRCULATING THAT MILITARY HIGH COMMAND WOULD NOT BE AVERSE TO USING SITUATION AS A COUP PRETEXT. THIS, PRESUMABLY, WOULD BE TIED TO THE UNCERTAINTY OF THE PROSPECT OF A LUCAS VICTORY IN CORRECT ELECTIONS. OF MORE IMMEDIATE CONCERN

IS THE ABILITY OF ONE OR ANOTHER OF THE SECRORS INTERESTED
IN ROCKING THE BOAT TO CREATE VIOLENT INCIDENTS (SO FAR THE
STRIKE AND GOVERNMENT RESPONSE HAVE BEEN PLACID). THIS
AFTERNOON'S SCHEDULED BUT UNAUTHORIZED CNUS DEMONSTRATION
PROVIDES ONE EXCELLENT OPPORTUNITY FOR WOULD-BE PROVAOCATUERS.
ANDREWS

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Message Attributes

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